

Message Text

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APPROVED BY THE ACTING SECRETARY

C:HSOHNENFELDT (DRAFT)

S/P:RBARTHOLOMEW

OES:FIRVING (DRAFT)

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C O N F I D E N T I A L STATE 220666 TOSEC 260100

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EXDIS

E.O. 11652: GDS

TAGS: PARM, TECH

SUBJECT: ACTION MEMORANDUM: DEPARTMENT POSITION ON
WHITE HOUSE NUCLEAR POLICY REVIEW (S/S NO.7618772)

FROM ROBINSON TO SECRETARY

PASS TO LORD

1. ACTION

I AM ATTACHING FOR YOUR APPROVAL A MEMORANDUM FROM YOU
TO THE PRESIDENT (TAB A), OUTLINING POSITIONS ON THE
NUCLEAR POLICY REVIEW AND ASSOCIATED NON-PROLIFERATION INI-
TIATIVES. THE PRESIDENT HAS TOLD PASTORE THAT HE WILL MAKE
DECISIONS BASED ON THE REVIEW BY THURSDAY, 9 SEPTEMBER,
AND WE UNDERSTAND FROM THE WHITE HOUSE THAT HE WILL, IN
FACT, BE FINALIZING HIS VIEWS ON TUESDAY, 7 SEPTEMBER. IF
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WE ARE TO MEET THIS TIGHT TIMETABLE, WE NEED YOUR DECISION

BY MONDAY, 6 SEPTEMBER.

2. PROBLEM

THE PRESIDENT ESTABLISHED A TASK FORCE UNDER BOB FRI
OF ERDA TO REVIEW US NUCLEAR EXPORTS AND TO DEVELOP NUCLEAR
POLICY RECOMMENDATIONS RESPONSIVE TO CURRENT CONDITIONS.
ALTHOUGH STATE HAS PLAYED AN ACTIVE ROLE IN THIS TASK FORCE

STUDY, THE REPORT WHICH IS NOW READY FOR SUBMISSION TO
THE PRESIDENT REPRESENTS A COMPROMISE BETWEEN DOMESTIC
PRESSURES FOR A TOUGH NON-PROLIFERATION POSTURE AND
FOREIGN POLICY REQUIREMENTS FOR MULTILATERAL COOPERATION.

3. AS OUTLINED IN MY MEMORANDUM OF SEPTEMBER 2 (TAB B),
WE ANTICIPATED THAT THE FINAL REPORT WOULD FAIL TO
REFLECT ESSENTIAL ELEMENTS FOR DEVELOPMENT OF AN EFFECTIVE
MULTILATERAL PROGRAM FOR CONTROL OF NUCLEAR PROLIFERATION.
WE WERE NOTABLY MORE SUCCESSFUL THAN EXPECTED IN BRINGING
ABOUT LAST-MINUTE CHANGES IN THE TASK FORCE REPORT. HOW-
EVER, THERE ARE STILL DEFICIENCIES, NOTABLY IN TERMS OF
THE NECESSITY FOR MULTILATERAL APPROACHES AND CREDIBLE
NON-PROLIFERATION INCENTIVES, WHICH WE FEEL MUST BE CALLED
TO THE PRESIDENT'S ATTENTION.

4. BACKGROUND

IN MY PREVIOUS MEMORANDUM, I UNDERLINED THE IMPORT-
ANCE OF THE FOLLOWING NUCLEAR POLICY OBJECTIVES:

5. -- PROVIDE AN EFFECTIVE AND CREDIBLE MULTILATERAL
SOLUTION TO THE GROWING PROBLEM OF NUCLEAR PROLIFERATION;

6. -- BLUNT CONGRESSIONAL EFFORTS TO FORCE THE ADMINI-
STRATION TO APPLY UNILATERAL MEASURES WHICH WOULD REDUCE
OUR NUCLEAR EXPORTS AND THUS FURTHER REDUCE OUR ABILITY
TO INFLUENCE OTHER SUPPLIERS AND RECIPIENTS TOWARD OUR
NON-PROLIFERATION OBJECTIVES;

7. -- CONVINCE THE US PUBLIC THAT WE HAVE BEEN AND ARE
CONTINUING TO DEVELOP EFFECTIVE PROGRAMS FOR CONTROL OF
NUCLEAR PROLIFERATION.

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8. AS YOU KNOW, WIN LORD AND I HAVE MADE VIGOROUS EFFORTS
TO ENSURE THAT THE WHITE HOUSE REVIEW GROUP PURSUE POLICY
APPROACHES WHICH EFFECTIVELY MEET THESE OBJECTIVES.
EARLIER DRAFTS OF THEIR REPORT, AS I INDICATED, WERE DEFI-
CIENT IN TERMS OF NECESSARY MULTILATERAL APPROACHES, EFFEC-
TIVE COMBINATIONS OF RESTRAINTS AND INDUCEMENTS, INADE-
QUATE INTERNATIONAL FRAMEWORKS FOR DOMESTIC REPROCESSING

DECISIONS, AND STRIKING THE PROPER BALANCE BETWEEN PUBLIC STATEMENTS AND PRIVATE DIPLOMATIC APPROACHES.

9. IN THE FINAL DRAFT, HOWEVER, BOB FRI AND HIS TEAM HAVE RESPONDED TO OUR REPEATED INTERVENTIONS BY INCORPORATING A SUBSTANTIAL PROPORTION OF THE DEPARTMENT'S COMMENTS (TAB D). I AM GRATIFIED THAT THE REPORT OF THE REVIEW

GROUP HAS SUBSTANTIALLY IMPROVED. NEVERTHELESS, ALTHOUGH MOST OF THE BASIC POLICY ELEMENTS ARE PRESENT, THE REPORT DOES NOT PRESENT A PROGRAM WITH CLEAR FOCUS ON THE SPECIFIC OBJECTIVES TO BE ACHIEVED.

10. ACCORDINGLY, IT IS ESSENTIAL THAT YOU GIVE THE PRESIDENT A COHERENT FRAMEWORK AND YOUR VIEWS AS HE CONSIDERS THE ISSUES AND CHOICES PUT FORWARD IN THE REPORT BY:

11. -- ESTABLISHING THE NON-PROLIFERATION AND FOREIGN POLICY FRAMEWORK IN WHICH NUCLEAR POLICY INITIATIVES MUST TAKE PLACE, AND THE RELATIONSHIP BETWEEN DOMESTIC AND INTERNATIONAL NUCLEAR POLICY;

12. -- PROVIDING THE DEPARTMENT'S POSITION ON THE KEY SUBSTANTIVE OPTIONS AND RECOMMENDATIONS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL, NOTING THE ESSENTIAL REQUIREMENT FOR CONCERTED MULTILATERAL ACTION AND THE APPROPRIATE CORRELATION BETWEEN INCENTIVES AND RESTRAINTS;

13. -- HIGHLIGHTING APPROACHES FOR MINIMIZING THE DESTABILIZING EFFECTS OF COMMERCIAL COMPETITION ON OUR ABILITY TO OBTAIN INTERNATIONAL SUPPORT, THROUGH MULTILATERALIZED POOLING OF REACTOR FUEL STORAGE AND SERVICES, CONFIDENTIAL

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AND EXPLORATION OF CREDIBLE FUEL ASSURANCE AND EXCHANGE ARRANGEMENTS IN THE FORM OF AN "INTERNATIONAL NUCLEAR FUEL BANK" CONCEPT;

14. -- EMPHASIZING THE NEED TO REDOUBLE EFFORTS TO INCREASE US ENRICHED URANIUM CAPACITY AS AN INDUCEMENT FOR FOREIGN CUSTOMERS TO ACCEPT TIGHTER RESTRAINTS, ON THE BASIS OF EXISTING AND PROJECTED FACILITIES AND THROUGH VIGOROUS DEVELOPMENT OF NEW ENRICHMENT TECHNOLOGIES WHICH COULD SUBSTANTIALLY REDUCE COSTS AND EXPAND SUPPLIES;

15. -- OFFERING VIEWS ON THE MAJOR NUCLEAR POLICY ELEMENTS THAT SHOULD BE INCLUDED IN PUBLIC PRESIDENTIAL STATEMENTS AND ON THE FORUM (E.G., UNGA AND/OR CONGRESS) IN WHICH THEY MIGHT TAKE PLACE;

16. -- CONFIRMING PRESIDENTIAL AUTHORITY FOR YOU TO CONDUCT THE NECESSARY ADVANCE DIPLOMATIC CONSULTATION AND SUBSEQUENT NEGOTIATION OF HIS NUCLEAR POLICY INITIATIVES, WHILE MAINTAINING THE MOMENTUM OF OUR BILATERAL AND MULTILATERAL NON-PROLIFERATION CONSULTATIONS; AND

17. -- COMMENTING ON THE REVIEW GROUP'S PROPOSAL TO ESTABLISH A NUCLEAR POLICY COUNCIL (CONSISTING OF ACDA, ERDA AND STATE), QUESTIONING THE NEED FOR SUCH A NEW BUREAUCRATIC MECHANISM.

18. THESE POINTS ARE CLEARLY CONVEYED IN THE PROPOSED PACKAGE FOR THE PRESIDENT, ALONG WITH OUR SUGGESTED POSITIONS ON OTHER PROPOSALS INCLUDING THOSE DEALING WITH SAFEGUARDS, PHYSICAL SECURITY, AND SANCTIONS (WHICH ADHERE TO THE LIMITATIONS OF THE APPROACH DESCRIBED TO YOU IN THE AUGUST 25 STATUS REPORT AT TAB C). IN CONNECTION WITH THE CRITICAL NEED TO DEVELOP US ENRICHMENT CAPACITY NOTED ABOVE, I BELIEVE THAT WE MAY HAVE TO CONSIDER FURTHER THE PROPER BALANCE BETWEEN PRIVATE AND GOVERNMENT INVOLVEMENT AND CONTROL NEEDED TO EFFECTIVELY SUPPORT NEW NON-PROLIFERATION INITIATIVES.

19 RECOMMENDATION

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THAT YOU APPROVE THE MEMORANDUM TO THE PRESIDENT AND DEPARTMENT POSITION PAPER ON THE WHITE HOUSE NUCLEAR POLICY REVIEW AND NON-PROLIFERATION INITIATIVES ATTACHED AT TAB A.

APPROVE ----- DISAPPROVE -----

ATTACHMENTS:(TABS B,C, & D ARE WITH WINSTON LORD)

TAB A - PROPOSED MEMORANDUM TO THE PRESIDENT AND STATE DEPARTMENT POSITION PAPER

TAB B - MEMORANDUM FROM DEPUTY SECRETARY, SEPTEMBER 2, 1976

TAB C - MEMORANDUM FROM WINSTON LORD, AUGUST 26, 1976

TAB D - NUCLEAR POLICY REPORT TO PRESIDENT

20. TAB A

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER

SUBJECT: NUCLEAR POLICY REVIEW AND NON-PROLIFERATION
INITIATIVES

I WISH TO TAKE THIS OPPORTUNITY NOT ONLY TO TRANSMIT MY DEPARTMENT'S RESPONSE TO THE NUCLEAR POLICY REPORT, BUT ALSO TO OFFER MY PERSONAL RECOMMENDATIONS ON THE INTERNATIONAL ASPECTS OF YOUR POLICY CHOICES, THEIR PUBLIC PRESENTATION, AND THEIR DIPLOMATIC IMPLEMENTATION. THE STATE DEPARTMENT HAS PARTICIPATED ACTIVELY IN THE FORMULATION OF THE FOREIGN POLICY ELEMENTS OF THIS STUDY. I STRONGLY CONCUR IN THE REVIEW GROUP'S EMPHASIS ON THE INTERNATIONAL BASIS FOR YOUR NUCLEAR POLICY, AND I BELIEVE IT OF CENTRAL IMPORTANCE BOTH THAT WE MAINTAIN CONSISTENCY BETWEEN THEIR EXPRESSION AND EXECUTION AND THAT WE ENSURE BROAD MULTILATERAL SUPPORT FOR THE POSITIONS YOU TAKE.

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ATTACHED ARE THE SPECIFIC STATE DEPARTMENT POSITIONS, WHICH I FULLY ENDORSE, ON THE PROPOSALS AND OPTIONS PREPARED BY YOUR INTERAGENCY GROUP. I CONCUR IN THE REPORT'S RECOMMENDATIONS FOR EFFECTIVE DIPLOMATIC CONSULTATIONS AND ACTION, IN WHICH WE PLAYED AN ACTIVE ROLE IN DEVELOPING AND WHICH WE ARE PREPARED TO UNDERTAKE AS SOON AS YOU GIVE YOUR APPROVAL. I NEED HARDLY EMPHASIZE THAT THE MORE ADVANCE NOTICE OF PROPOSED POLICIES AND STATEMENTS WE GIVE OUR NUCLEAR PARTNERS AND ALLIES, THE MORE LIKELY THEY WILL BE TO PROVIDE THE SUPPORT SO NECESSARY FOR THE SUCCESS OF OUR NON-PROLIFERATION POLICIES. THEREFORE, THIS MEMORANDUM SPECIFICALLY SEEKS YOUR EARLY AUTHORIZATION FOR PROPOSED DIPLOMATIC APPROACHES, ON THE BASIS OF WHICH YOU COULD REFINED THE INTERNATIONAL POLICY ELEMENTS OF YOUR EVENTUAL PUBLIC STATEMENT.

NON-PROLIFERATION OBJECTIVES

IN REVIEWING AND DEVELOPING FURTHER OUR NUCLEAR POLICIES, IT IS ESSENTIAL FOR THE US TO:

- A. ENSURE THAT OUR NON-PROLIFERATION POLICIES ARE CAST IN THE FRAMEWORK OF OUR OVERALL FOREIGN POLICY INTERESTS AND CLOSE RELATIONSHIPS WITH NUCLEAR PARTNERS AND ALLIES.
- B. RETAIN MULTILATERAL SUPPORT FOR OUR NON-PROLIFERATION POLICIES, WITHOUT WHICH OUR EFFORTS WILL BE RENDERED INEFFECTIVE.
- C. DEVELOP A POLICY WHICH MARRIES THE RESTRAINTS WHICH

WE REQUIRE WITH THE INCENTIVES WE CAN OFFER.

D. PREVENT OUR NON-PROLIFERATION EFFORTS FROM BEING
DISTORTED BY INTERNATIONAL COMMERCIAL COMPETITION.

E. MAKE DOMESTIC DECISIONS WHICH WILL EFFECTIVELY
SUPPORT, RATHER THAN UNDERCUT, THE PRIMARY OBJECTIVE OF
DETECTING NUCLEAR PROLIFERATION.

MEETING POLICY OBJECTIVES

THIS ADMINISTRATION CAN JUSTLY CLAIM CREDIT FOR THE
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CONCERTED AND PRODUCTIVE US EFFORTS TO DEVELOP STRENGTHENED
AND UNIFORM NUCLEAR SAFEGUARDS AND CONTROLS, THROUGH
BILATERAL DISCUSSIONS WITH SUCH KEY SUPPLIERS AND CON-
SUMERS AS FRANCE AND IRAN AND MULTILATERAL CONSULTATIONS
IN THE LONDON MEETINGS OF MAJOR NUCLEAR SUPPLIERS. THE
US HAS ACHIEVED SIGNIFICANT NON-PROLIFERATION RESULTS
THROUGH HIGH-LEVEL, CONFIDENTIAL DIPLOMACY, CONSISTENT
WITH OUR BROAD FOREIGN POLICY INTERESTS AND RELATION-
SHIPS. AT THE SAME TIME, WE HAVE OPENLY ADVOCATED
STRENGTHENED NUCLEAR SAFEGUARDS AND CONTROLS, IN PUBLIC
STATEMENTS AND TESTIMONY TO THE CONGRESS. BUT DOMESTIC
PRESSURES HAVE SUBSTANTIALLY INCREASED FOR FULLER PUBLIC
EXPRESSIONS OF WHAT WE HAVE PURSUED PRIVATELY AND FOR
VISIBLE IMPROVEMENT AND STRENGTHENING OF OUR POLICIES.

IT THEREFORE CONTINUES TO BE NECESSARY TO MAKE CHOICES
AS TO WHAT BALANCE IS TO BE STRUCK BETWEEN DIPLOMATIC
IMPERATIVES AND PUBLIC PERCEPTIONS OF A VIGOROUS, COHERENT
NUCLEAR POLICY. WE SHOULD MAKE NO APOLOGIES FOR PAST
PERFORMANCE, BUT WE SHOULD ALSO NOT HESITATE TO STAKE
OUT NEW TERRITORY.

THE FUNDAMENTAL NEED TO MEET THE NON-PROLIFERATION
OBJECTIVES SET OUT ABOVE LEADS, IN MY VIEW, TO THE
FOLLOWING POLICY CHOICES AND PRESENTATIONAL REQUIREMENTS
WHICH ARE CONSISTENT WITH BUT OFTEN CARRY FURTHER THE
GROUP'S RECOMMENDATIONS:

A. AS A RULE, NEW CONDITIONS OF NUCLEAR SUPPLY, HOWEVER
DESIRABLE, SHOULD NOT BE IMPOSED BY THE US UNILATERALLY,
BUT RATHER PURSUED AND ADOPTED MULTILATERALLY. OTHER-
WISE, AS RECOGNIZED IN THE NUCLEAR POLICY REVIEW, WE WILL
LOSE BOTH COMMERCIAL AND IN NON-PROLIFERATION TERMS,
AS OTHER LESS SCRUPULOUS NATIONS PRE-EMPT THE NUCLEAR
MARKET. MOREOVER, IT SHOULD BE EMPHASIZED THAT THE LOGIC
OF A UNILATERAL APPROACH DICTATES THAT IF THE SUPPLIERS,

MANY OF WHOM ARE ALSO OUR ALLIES, DO NOT WISH TO FOLLOW A US INITIATIVE VOLUNTARILY, THEN WE WILL EITHER HAVE TO COERCE THEM OR JEOPARDIZE OUR NON-PROLIFERATION POLICY. CLEARLY, WE SHOULD NOT SELECT A STRATEGY WHICH COULD SO EASILY TRAP US IN SUCH A DILEMMA. AT THE SAME TIME, WE
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SHOULD CONTINUE TO MAKE BEST DIPLOMATIC EFFORTS TO EFFECT NON-PROLIFERATION GAINS, AS I BELIEVE WE HAVE IN OUR PROPOSED NUCLEAR AGREEMENTS WITH EGYPT AND ISRAEL AND IN OUR CURRENT NEGOTIATIONS WITH IRAN. I BELIEVE THAT A STRONG PUBLIC STATEMENT COULD BE BUILT AROUND THE CRUCIAL IMPORTANCE OF MULTILATERAL CONSENSUS IN NUCLEAR SAFEGUARDS AND CONTROLS, THE NEED FOR THIS COUNTRY NOT TO ISOLATE ITSELF AND LOSE ITS NON-PROLIFERATION INFLUENCE, AND YOUR DETERMINATION TO PURSUE A RESPONSIBLE NUCLEAR EXPORT POLICY WHILE OBTAINING STRONG INTERNATIONAL SUPPORT FOR OUR NON-PROLIFERATION EFFORTS.

B. IT IS ESSENTIAL TO OFFER NON-PROLIFERATION INDUCEMENTS IN THE AREAS OF FUEL BUY-BACK AND EXCHANGE, WORKING IN CONCERT WITH OTHER SUPPLIERS. NUCLEAR CONSUMERS, PARTICULARLY THOSE OF PROLIFERATION CONCERN WHO ALREADY ENJOY LESS CONSTRAINED AGREEMENTS, WILL NOT VOLUNTARILY ACCEPT NEW RESTRAINTS UNLESS IT IS DEMONSTRABLY IN THEIR INTEREST TO DO SO. I THEREFORE STRONGLY ENDORSE THE REVIEW GROUP'S RECOMMENDATIONS FOR ASSURED AND EQUITABLE FRONT-END FUEL SERVICES IN EXCHANGE FOR SPENT FUEL, WHICH IS AT THE HEART OF OUR CURRENT NEGOTIATING APPROACH WITH IRAN. I ALSO AGREE THAT YOU SHOULD SEIZE THE OPPORTUNITY TO PRESS FOR RAPID CONGRESSIONAL APPROVAL OF THE NUCLEAR FUEL ASSURANCES ACT, AS A CRUCIAL MEANS FOR EXPANDING THE US ENRICHED URANIUM CAPACITY NEEDED TO PROVIDE CREDIBLE NON-PROLIFERATION INDUCEMENTS.

C. WE SHOULD MOVE TO ENGAGE OTHER MAJOR NUCLEAR SUPPLIERS IN INTENSIFIED EFFORTS TO ENSURE THAT URANIUM ENRICHMENT AND REPROCESSING FACILITIES ARE LOCATED IN SUPPLIER NATIONS. TO ACHIEVE THIS, IT IS NECESSARY TO PREVENT COMMERCIAL COMPETITION FROM LEADING TO PROLIFERATION OF SUCH SENSITIVE NUCLEAR FACILITIES. WHILE I SUPPORT THE REVIEW GROUP'S IMPORTANT RECOMMENDATIONS FOR JOINT SUPPLIER FUEL-SERVICE SUPPORT FOR REACTOR SALES, I RECOMMEND THAT YOU SET A LONG-TERM FRAMEWORK FOR EFFECTIVE SUPPLIER COORDINATION OF FUEL ASSURANCES, BY CALLING FOR AN EXAMINATION BY INTERESTED NATIONS OF AN "INTERNATIONAL NUCLEAR FUEL BANK" CONCEPT, AS DESCRIBED IN THE SECOND SECTION OF MY DEPARTMENT'S POSITION PAPER, WHICH WOULD
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COMBINE FUEL STORAGE AND SUPPLY ARRANGEMENTS UNDER INTERNATIONAL GUARANTEES. WITH YOUR APPROVAL, I WILL ASK MY DEPUTIES TO WORK WITH BOB FRI IN INTEGRATING THIS NEW ELEMENT INTO YOUR NUCLEAR POLICY STATEMENT.

D. IN THIS ESSENTIAL MULTILATERAL CONTEXT, I CONCLUDE THAT A LIMITED DOMESTIC REPROCESSING DECISION COULD SERVE OUR NON-PROLIFERATION AND FOREIGN POLICY OBJECTIVES. IN SO DOING, HOWEVER, IT WOULD BE DESIRABLE TO PROVIDE FOR APPROPRIATE FOREIGN PARTICIPATION AND ESSENTIAL TO IDENTIFY THE PROPOSED PROGRAM AS AN "EXPERIMENT", WITHOUT PREJUDGING ITS OUTCOME. I CAN SUPPORT THE DEMONSTRATION PROJECT ASSOCIATED WITH THE "ASSIST REPROCESSING OPTION" PRESENTED BY THE REVIEW GROUP, SUBJECT TO WHAT I BELIEVE ARE NECESSARY PRESENTATIONAL AND POLICY PRECAUTIONS ELABORATED IN THE ATTACHED POSITION PAPER, DESIGNED TO REINFORCE OUR OVERRIDING NON-PROLIFERATION INTERESTS.

E. IN ADDITION TO PROVIDING GREATER US ENRICHED URANIUM CAPACITY TO MEET FOREIGN NEEDS IN THE NEAR-TERM, WE SHOULD REDOUBLE OUR EFFORTS TO DEVELOP MORE EFFICIENT AND CONTROLLABLE FORMS OF ENRICHMENT TECHNOLOGY WHICH COULD VERY SUBSTANTIALLY REDUCE THE COST OF ENRICHED URANIUM AND EXPAND AVAILABLE SUPPLIES. THIS WOULD PERMIT US TO SHAPE AN INTERNATIONAL SYSTEM THAT COULD OFFER A COMBINATION OF THE "CARROT AND STICK" REQUIRED TO BRING ABOUT A REGIME WHICH MIGHT DRAMATICALLY SLOW THE SPREAD OF NATIONAL REPROCESSING IN NON-SUPPLIER STATES.

F. NUCLEAR POLICY MESSAGE AND MANAGEMENT. YOUR REVIEW GROUP HAS SUGGESTED THE UNGA AS A POSSIBLE FORUM FOR YOUR NUCLEAR POLICY STATEMENT. I DOUBT THAT THE UNGA WILL BE AS ENTHUSIASTIC ABOUT NON-PROLIFERATION POLICIES AS A DOMESTIC AUDIENCE, BUT IF YOU CHOOSE TO ADDRESS THE GENERAL ASSEMBLY ON THIS SUBJECT, I WOULD URGE THAT YOU EMPHASIZE THE COOPERATIVE ELEMENTS OF THESE POLICIES, SUCH AS THE RECOMMENDED INTERNATIONAL SPENT FUEL AND PLUTONIUM REGIME AND OUR INTEREST IN EXPLORING AN INTERNATIONAL NUCLEAR FUEL BANK CONCEPT. YOU COULD THEN PRESENT TO A RECEPTIVE US AUDIENCE (OR IN A MESSAGE TO THE CONGRESS) THE STRONGER INITIATIVES UNDER CONSIDER-

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ATION, INCLUDING ANY DECISION TO PROCEED WITH DOMESTIC REPROCESSING. AS A SUBSIDIARY CONSIDERATION, I AM NOT CONVINCED THAT A NEW BUREAUCRATIC LAYER -- THE PROPOSED

NUCLEAR POLICY COUNCIL -- WILL ENHANCE MANAGEMENT EFFECTIVENESS. YOU MIGHT CONSIDER USING INSTEAD EXISTING INTERAGENCY COMMITTEES, SUCH AS THE SPECIALLY CONSTITUTED UNDER SECRETARIES COMMITTEE DESCRIBED IN THE ATTACHMENT, TO COORDINATE US NUCLEAR POLICIES.

PROPOSED DIPLOMATIC APPROACHES

YOUR R-VIEW GROUP HAS IDENTIFIED THE IMPORTANT NEED FOR DIPLOMATIC CONSULTATIONS PRIOR TO, AND ACTIONS FOLLOWING, YOUR NUCLEAR POLICY STATEMENT. I BELIEVE THAT YOUR STATEMENT WILL AFFORD A SIGNIFICANT OPPORTUNITY TO CATALYZE MULTILATERAL SUPPORT FOR THE SAFEGUARDS, PHYSICAL SECURITY, RESTRAINTS, INCENTIVES, AND SANCTIONS COMPONENTS OF OUR NUCLEAR POLICIES. PURSUANT TO THE REVIEW GROUP'S RECOMMENDATIONS FOR NEXT STEPS, I PROPOSE THAT YOU AUTHORIZE:

A. RAPID, ADVANCE CONSULTATIONS WITH THE IAEA AND MY COUNTERPARTS IN CANADA, FRANCE, THE FRG, JAPAN, UK, AND USSR ON THE BROAD NUCLEAR POLICY INITIATIVES YOU DESIRE TO ANNOUNCE; AND INCORPORATION INTO YOUR NUCLEAR POLICY MESSAGES OF THE RESULTS OF THESE ADVANCE CONSULTATIONS BY THE NSC AND THE DEPARTMENT, WORKING WITH THE DOMESTIC COUNCIL.

B. EXPLORATION OF YOUR NEW NUCLEAR POLICY PROPOSALS (INCLUDING, IF YOU APPROVE, OUR RECOMMENDATIONS FOR FUEL POOLING AND AN INTERNATIONAL NUCLEAR FUEL BANK CONCEPT) WITH OTHER SUPPLIER AND CONSUMER STATES, PRIOR TO MY DEVELOPMENT OF THE COMPREHENSIVE NEGOTIATING PLAN SUGGESTED BY YOUR REVIEW GROUP.

C. ACTIVE PURSUIT OF OUR STANDING PROPOSALS FOR AN EXPORT MORATORIUM ON REPROCESSING FACILITIES AND TECHNOLOGY, USE OF SUPPLIER-BASED REPROCESSING SERVICES, AND INTERNATIONAL PLUTONIUM MANAGEMENT, IN THE FRAMEWORK OF THE LONDON NUCLEAR SUPPLIERS' MEETINGS, CONSISTENT WITH YOUR CONFIDENTIAL

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NUCLEAR POLICY DECISIONS.

D. ACCELERATED INTERAGENCY REVIEW OF TECHNOLOGICAL, ECONOMIC, AND COMMERCIAL ALTERNATIVES FOR MAXIMIZING USE OF ENRICHED URANIUM INCENTIVES, UNDER EFFECTIVE CONTROLS, TO SUPPORT POLICIES OF GREATER NON-PROLIFERATION RESTRAINTS.

RECOMMENDATIONS:

A. THAT YOU AUTHORIZE THE DIPLOMATIC APPROACHES AND FOLLOW-ON ACTIONS PROPOSED ABOVE.

APPROVE: DISAPPROVE:

B. THAT YOU DIRECT INCORPORATION IN THE PRESIDENTIAL MESSAGE OF THE INTERNATIONAL NUCLEAR POLICY ELEMENTS I HAVE DESCRIBED ABOVE, CONSISTENT WITH YOUR DECISIONS ON THE RECOMMENDATIONS OF THE NUCLEAR POLICY REVIEW GROUP.

APPROVE: DISAPPROVE:

ATTACHMENT:

STATE DEPARTMENT POSITIONS ON NUCLEAR POLICY REPORT
21. ATTACHMENT TO TAB A:

STATE DEPARTMENT POSITIONS ON NUCLEAR POLICY REPORT TO THE PRESIDENT

A. NON-PROLIFERATION RESTRAINTS. THE DEPARTMENT GENERALLY SUPPORTS A FIRMER POLICY ON RESTRAINTS IN US NUCLEAR COOPERATION WHICH STRESSES COOPERATION WITH NPT PARTIES OR COUNTRIES ACCEPTING FULL SAFEGUARDS AND WITH COUNTRIES PREPARED TO FOREGO OR RESTRUCTURE THEIR REPROCESSING OPTIONS. WE ALSO SUPPORT AN APPROACH WHICH MAKES A CLEAR DISTINCTION BETWEEN (1) COOPERATION UNDER NEW AND AMENDED AGREEMENTS AND (2) COOPERATION UNDER EXISTING AGREEMENTS. FOR BOTH CATEGORIES OF RECIPIENTS, WE WOULD UNDERScore THE GENERAL NEED FOR A MULTILATERAL APPROACH. US LEADERSHIP IN NON-PROLIFERATION IS IMPORTANT AND CONSISTENT WITH OUR PAST POLICIES AND RECENT INITIATIVES IN FORMING THE CONFIDENTIAL

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LONDON SUPPLIERS' GROUP. BUT EXCESSIVELY STRINGENT OR RIGID UNILATERAL US POLICIES WILL AT BEST HAVE LIMITED BENEFITS, SINCE WE NO LONGER DOMINATE THE INTERNATIONAL NUCLEAR MARKET AND WILL NOT BE ABLE TO OBTAIN NEW RESTRAINTS WITHOUT CONCERTED SUPPLIER ACTIONS.

ON THE MORE SPECIFIC RESTRAINT RECOMMENDATIONS:

-- FOR NEGOTIATING NEW OR AMENDED NUCLEAR COOPERATION AGREEMENTS, WE STRONGLY SUPPORT THE RECOMMENDATION THAT THE US APPLY THESE RESTRAINTS AS NON-BINDING CRITERIA FOR ENGAGING IN NEW OR EXPANDED NUCLEAR COOPERATION. WE SHOULD RECOGNIZE, HOWEVER, THE IMPORTANCE OF GAINING COMMON SUPPLIER POLICIES ON THESE RESTRAINTS, AND BE PREPARED TO STATE THAT WE WILL APPLY THEM AS CONDITIONS AS SOON AS OTHER SUPPLIERS AGREE TO DO THE SAME. THE PRESIDENT'S PUBLIC STATEMENT WOULD MAKE THIS BASIC

APPROACH EXPLICIT. WE SUPPORT THE REVIEW GROUP'S CONCLUSION THAT NEW RESTRAINTS SHOULD NOT BE MANDATORY REQUIREMENTS IN THE ABSENCE OF MULTILATERAL AGREEMENT. (IN THIS CONNECTION, THE OPTIONS ON "RETROACTIVE SANCTIONS" MUST BE SEEN AS POSSIBLE ELEMENTS OF A LEGISLATIVE STRATEGY THAT MUST BE ACCOMPLISHED IN COORDINATION WITH THE CONGRESS.) EVEN WITH A PRESIDENTIAL OVERRIDE, SUCH A UNILATERAL POLICY COULD IMPAIR OUR FLEXIBILITY IN PURSUING NON-PROLIFERATION OBJECTIVES WITH SPECIFIC SUPPLIERS AND RECIPIENTS.

-- FOR COOPERATION UNDER EXISTING AGREEMENTS, WE STRONGLY ENDORSE THE PROPOSAL TO USE DIPLOMACY AND A STRATEGY OF INDUCEMENTS TO PERSUADE THE MANY KEY TARGET COUNTRIES IN THIS CATEGORY TO VOLUNTARILY RENEGOTIATE EXISTING AGREEMENTS WITH NEW RESTRAINTS. IN ADDITION, IN CONNECTION WITH OUR ATTEMPTS TO FIND AN ACCEPTABLE COMPROMISE WITH THE JCAE ON ITS NUCLEAR EXPORT BILL, WE SEE MERIT IN THE RECOMMENDATION THAT NRC USE THE AGREED LONDON SUPPLIER GUIDELINES AS CRITERIA IN GRANTING EXPORT LICENSES UNDER EXISTING AGREEMENTS. BUT EVEN WITH THE PROPOSED PRESIDENTIAL OVERRIDE, WE ARE CONCERNED THAT SUCH AN APPROACH COULD BE VIEWED AS AN ATTEMPT BY THE US TO IMPOSE THESE GUIDELINES RETROACTIVELY, TO THE DETRIMENT OF OUR CONFIDENTIAL

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RELATIONS WITH A NUMBER OF MAJOR ALLIES AND OUR OVERALL CREDIBILITY AS A SUPPLIER. FINALLY, WE OPPOSE THE IMPOSITION OF NEW RESTRAINTS AS A CONDITION OF FURTHER US SUPPLY UNTIL COMMON SUPPLIER AGREEMENT IS ACHIEVED ON THIS POINT. EVEN THEN, SUCH A COURSE OF ACTION WOULD CONTRAVENE THE LEGAL TERMS OF OUR INTERNATIONAL AGREEMENTS, THEREBY RISKING ADVERSE LEGAL, FOREIGN POLICY, AND EVEN NON-PROLIFERATION CONSEQUENCES.

AS A FUNDAMENTAL POINT FOR RECIPIENTS IN BOTH CATEGORIES, WE WOULD EMPHASIZE THE VITAL LINK BETWEEN GAINING NEW RESTRAINTS AND OFFERING ATTRACTIVE INDUCEMENTS THROUGH FUEL BUY-BACK AND EXCHANGE, AND POSSIBLY LEASING. ALL SUCH INDUCEMENTS SHOULD BE COORDINATED WITH OTHER SUPPLIERS, SINCE UNCOORDINATED INDUCEMENTS MAY LOOK TO OTHER SUPPLIERS AS A US ATTEMPT TO PREEMPT A LARGER SHARE OF NUCLEAR FUEL AND RELATED REACTOR MARKETS. IN PARTICULAR, THE MORE ATTRACTIVE AND RELIABLE WE MAKE OUR ENRICHED URANIUM SUPPLY USING EXISTING AND PLANNED FACILITIES WITHIN THE BROAD FRAMEWORK OF THE NUCLEAR FUEL ASSURANCES ACT, THE MORE SUCCESS WE WILL HAVE IN OBTAINING EFFECTIVE RESTRAINTS ON REPROCESSING. THE PRESIDENT'S PUBLIC STATEMENT SHOULD RELATE INDUCEMENTS TO RESTRAINTS TO THE DEGREE OF SPECIFICITY JUDGED FEASIBLE IN LIGHT OF

OUR ABILITY TO CONSIDER OFFERING NEW FUEL SUPPLY OR SERVICE ARRANGEMENTS. THESE ISSUES ARE DISCUSSED FURTHER BELOW IN THE CONTEXT OF OUR RECOMMENDATIONS REGARDING "INTERNATIONAL REPROCESSING OPTIONS."

B. ALTERNATIVES TO NATIONAL REPROCESSING. THE DEPARTMENT SUPPORTS THE FIRST OPTION, "CONTAIN THE SPREAD OF NATIONAL REPROCESSING." WE SHARE THE REVIEW GROUP'S RECOGNITION OF THE NEED FOR STRONG AND SPECIFIC US INITIATIVES TO ACHIEVE AN INTERNATIONAL FUEL-EXCHANGE REGIME BASED UPON:

-- INDUCEMENTS FOR RECIPIENTS, IN THE FORM OF ASSURED AND EQUITABLE FRONT-END FUEL SERVICES IN EXCHANGE FOR THEIR SPENT FUEL; AND

-- INDUCEMENTS FOR SUPPLIERS, IN THE FORM OF JOINT FUEL-SERVICE SUPPORT FOR REACTOR SALES IN NON-NUCLEAR WEAPON
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STATES, IN EXCHANGE FOR WITHHOLDING SENSITIVE NUCLEAR TECHNOLOGY FROM FURTHER SPREAD UNDER NATIONAL CONTROL.

THE DEPARTMENT SUPPORTS THE STEPS RECOMMENDED TO FURTHER THESE OBJECTIVES. HOWEVER, WE FURTHER RECOMMEND THAT THE PRESIDENT CALL FOR THE EXPLORATION BY INTERESTED NATIONS OF AN "INTERNATIONAL NUCLEAR FUEL BANK" CONCEPT, THROUGH WHICH THE POTENTIAL BENEFITS OF PLUTONIUM RECYCLE WOULD BE SHARED UNDER INTERNATIONAL CONTROLS, WHILE THE REPROCESSING ACTIVITIES INCIDENTAL TO ACHIEVING THOSE BENEFITS WOULD BE CONFINED, INITIALLY TO A FEW MAJOR SUPPLIER COUNTRIES, BUT EVENTUALLY TO INCLUDE A FEW CAREFULLY SITED MULTINATIONAL PLANTS. THE DEPARTMENT HAS DEVELOPED FURTHER PROPOSALS FOR MAKING SIGNIFICANT FORWARD MOVEMENT IN ESTABLISHING AN EFFECTIVE EXCHANGE REGIME. THESE PROPOSALS ARE CONSISTENT WITH BUT GO FURTHER THAN THE REVIEW GROUP'S RECOMMENDATIONS IN RELATING RESTRAINT REQUIREMENTS TO FUEL INDUCEMENTS. WITH THE PRESIDENT'S APPROVAL, THE FOLLOWING APPROACHES WOULD BE INTEGRATED INTO THE FUEL-EXCHANGE ELEMENTS ALREADY PRESENTED IN THE NUCLEAR POLICY REPORT:

-- AS A MATTER OF NATIONAL POLICY, THE PRESIDENT WOULD EXPRESS;

(I) FOR RECIPIENTS ACCEPTING OUR TIGHTEST NON-PROLIFERATION RESTRAINTS, NOTABLY NO NATIONAL REPROCESSING AND ENRICHMENT FACILITIES, US WILLINGNESS TO ACQUIRE SOME OR ALL SPENT FUEL OF US ORIGIN, AT THE CUSTOMER'S OPTION, IN EXCHANGE FOR FRESH ENRICHED URANIUM UNDER ATTRACTIVE TERMS (I.E., GUARANTEED FEED AND ENRICHMENT SERVICES).

(II) FOR RECIPIENTS WHO DO NOT AGREE TO RENOUNCE NATIONAL REPROCESSING AND ENRICHMENT FACILITIES BUT ARE NOT CONSTRUCTING SUCH FACILITIES NOW AND ARE PREPARED TO PLACE ALL SPENT FUEL UNDER INTERNATIONAL STORAGE, FUTURE ENRICHMENT GUARANTEES AT MARKET RATES BUT REPURCHASE OF SPENT FUEL ONLY AT US OPTION.

(III) FOR RECIPIENTS UNWILLING TO ACCEPT OUR RESTRAINTS IN NEW OR AMENDED AGREEMENTS, INCLUDING STORAGE UNDER CONFIDENTIAL

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INTERNATIONAL AUSPICES, US INSISTENCE ON A PURCHASE OR EXCHANGE OPTION FOR US SUPPLIED OR DERIVED SPENT FUEL. ALL SUPPLIERS WOULD BE URGED TO OFFER SUCH OPTIONS.

-- TO LEND MULTILATERAL IMPETUS TO THE FOREGOING ARRANGEMENTS, THE PRESIDENT WOULD EXPRESS PUBLICLY US READINESS TO EXPLORE WITH INTERESTED SUPPLIER NATIONS POSSIBLE ARRANGEMENTS FOR POOLING FUEL-EXCHANGE CAPABILITIES THROUGH SUCH MEANS AS TIE-IN FUEL SALES, CROSS-INVESTMENT IN ENRICHMENT AND REPROCESSING FACILITIES, JOINT ENRICHMENT AND REPROCESSING FACILITIES, JOINT ENRICHMENT GUARANTEES, SPENT FUEL STORAGE AS NEEDED TO SUPPORT SUCH ARRANGEMENTS, AND AN EVENTUAL INTERNATIONAL FUEL BANK.

FINALLY, THE DEPARTMENT SUPPORTS THE REVIEW GROUP'S RECOMMENDATIONS FOR STRENGTHENING FUEL ASSURANCES, INCREASED ENRICHMENT CAPACITY WHICH COULD SUPPORT FUEL EXCHANGE ARRANGEMENTS, AND AN APPEAL FOR PASSAGE OF THE NFAA AS AN ESSENTIAL INGREDIENT IN OUR NON-PROLIFERATION STRATEGY. IT STRONGLY SUPPORTS STRENGTHENED HIGH-LEVEL DIPLOMATIC APPROACHES TO OTHER SUPPLIER GOVERNMENTS, ON A CONFIDENTIAL BASIS IN THE FIRST INSTANCE, SEEKING A ONE-TO-TWO YEAR MORATORIUM ON EXPORTS OF SENSITIVE FACILITIES AND PURSUING POSSIBLE FUEL POOLING ARRANGEMENTS AS A MEANS OF MINIMIZING COMMERCIAL COMPETITION IN FUEL CYCLE SERVICES.

C. DOMESTIC REPROCESSING OPTIONS. THE DEPARTMENT IS NOT IN A POSITION TO MAKE A COMPREHENSIVE JUDGMENT ON THE DOMESTIC BENEFITS OF THE VARIOUS REPROCESSING OPTIONS PRESENTED IN THE REPORT. AS THE REPORT NOTES, THE ECONOMIC BENEFITS OF DOMESTIC REPROCESSING ARE UNCERTAIN AND POSSIBLY MARGINAL.

FROM THE POINT OF VIEW OF OUR INTERNATIONAL AND NON-PROLIFERATION INTERESTS, DOMESTIC DECISIONS ON REPROCESSING AND RECYCLE MAY HAVE AN IMPORTANT IMPACT IN TWO RESPECTS:

-- A PERCEPTION INTERNATIONALLY THAT THE US HAS TAKEN A
DECISIVE STEP TOWARD PLUTONIUM RECYCLE MAY MAKE NATIONAL
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REPROCESSING APPEAR BOTH MORE RESPECTABLE AND MORE
ECONOMICALLY ATTRACTIVE. WE COULD ARGUE THAT SUCH A
STEP IS JUSTIFIED BECAUSE OF THE SIZE OF THE US NUCLEAR
PROGRAM, BUT IT IS NOT CLEAR WHETHER THIS WOULD OVERCOME
SUCH PERCEPTIONS, PARTICULARLY WHEN ANNOUNCED AS A
PRESIDENTIAL INITIATIVE.

-- THE POSSESSION OR LACK OF A US REPROCESSING CAPABILITY
MAY HAVE AN IMPORTANT EFFECT ON OUR ABILITY TO NEGOTIATE
WORKABLE JOINT FUEL-EXCHANGE ARRANGEMENTS WITH OTHER
SUPPLIERS.

NEGATIVE INTERNATIONAL PERCEPTIONS COULD PROBABLY BE
REDUCED TO AN ACCEPTABLE LEVEL IF THE US WERE TO BEGIN A
LIMITED PROGRAM, BUT ONLY IF ITS SIZE, SUBSTANCE, AND
RATIONALE WERE CONSISTENT WITH A LARGER US NON-
PROLIFERATION PROGRAM WHICH RECEIVED GENERAL INTERNATIONAL
CREDENCE. IN SUM, OUR DOMESTIC AND INTERNATIONAL CHOICES
MUST BE PART OF AN INTEGRATED WHOLE.
PROVIDED THAT AN INTERNATIONAL POLICY ALONG THE LINES WE
HAVE RECOMMENDED IS ALSO ADOPTED, THE DEPARTMENT CAN
SUPPORT ADOPTION OF OPTION 1, TO "ASSIST INDUSTRY TO GAIN
EXPERIENCE WITH REPROCESSING", WITH CERTAIN MODIFICATIONS
ALONG THE FOLLOWING LINES:

-- THE PROGRAM SHOULD BE IDENTIFIED FROM THE OUTSET AS
EXPERIMENTAL IN NATURE WITHOUT PREJUDGING ITS OUTCOME,
AND ITS CONTENT SHOULD JUSTIFY THIS DESCRIPTION;

-- WE DO NOT OBJECT TO A DEMONSTRATION PROJECT AS PROPOSED,
CONSISTING OF GOVERNMENT SUPPORT FOR THE AGNS PLANT PLUS
DESIGN OF A LARGER PLANT WITH NO NEAR-TERM COMMITMENT TO
CONSTRUCT THIS SECOND FACILITY;

-- THE POSSIBILITY OF SUBSTANTIAL GOVERNMENT INVOLVEMENT
IN ANY SECOND PLANT SHOULD, HOWEVER, BE HELD OPEN;

-- THERE SHOULD BE AGGRESSIVE PURSUIT OF ALTERNATIVE
TECHNOLOGIES TO REPROCESSING AND RECYCLE AS AN ELEMENT
OF THE PROGRAM;

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-- THE PROGRAM SHOULD EXPLICITLY ALLOW FOR FINANCIAL PARTICIPATION BY OTHER NATIONS (BOTH SUPPLIERS AND CONSUMERS) AND JOINT EXPLORATION OF SERVICE ARRANGEMENTS, BUT SHOULD SPECIFICALLY EXCLUDE SERVICE COMMITMENTS OR TECHNOLOGY TRANSFERS EXCEPT AS PART OF AGREED ARRANGEMENTS AMONG SUPPLIERS.

-- THE PROGRAM SHOULD BE PRESENTED AS AN INTEGRAL PART OF OUR OVERALL STRATEGY, WITH EMPHASIS UPON ITS POTENTIAL ROLE IN IMPROVING SAFEGUARDS, SUPPORTING JOINT FUEL-EXCHANGE ARRANGEMENTS, DEVELOPING ALTERNATIVE TECHNOLOGIES, AND POSSIBLY AS A FUTURE ELEMENT OF AN INTERNATIONAL FUEL BANK.

-- THE PROGRAM SHOULD BE REVIEWED AT THE END OF TWO YEARS TO ASSESS THE ECONOMIC AND TECHNOLOGICAL BENEFITS OF REPROCESSING IN THE LIGHT OF WHAT HAS BEEN LEARNED, AND THE ADVISABILITY OF PROCEEDING WITH CONSTRUCTION OF A PLANT BEYOND AGNS, IN THE LIGHT OF PROGRESS MADE TOWARD AN INTERNATIONAL FUEL-EXCHANGE REGIME.

D. STRENGTHENED SANCTIONS. WE SUPPORT A PUBLICLY ARTICULATED SANCTIONS POLICY ALONG THE LINES PROPOSED AS A MEANS OF BALANCING OUR NON-PROLIFERATION AND OVERALL FOREIGN POLICY OBJECTIVES. THE PROPOSED APPROACH INCLUDES AT LEAST AUTOMATIC CUT-OFF OF US NUCLEAR SUPPLY IF OUR SAFEGUARDS ARE CLEARLY BREACHED, REAFFIRMS THE SERIOUSNESS WITH WHICH THE US WOULD VIEW ANY SAFEGUARDS VIOLATIONS, AND STRESSES THE NEED FOR CONSULTATIONS AMONG SUPPLIERS AND CONSUMERS TO DETERMINE WHAT COLLECTIVE ACTIONS SHOULD BE TAKEN. WE DO NOT BELIEVE THAT A US POLICY SHOULD GO FURTHER THAN THESE STEPS, EITHER IN TERMS OF ADOPTING MORE RIGID UNILATERAL POLICIES OR IN INCORPORATING EXPLICIT NON-NUCLEAR RESPONSES. THE DEPARTMENT WILL CONSULT IN ADVANCE OF A PUBLIC STATEMENT WITH OTHER COUNTRIES, AND IN PARTICULAR SEEK TO ELICIT COMPARABLE STATEMENTS FROM OTHER KEY SUPPLIERS. WE WILL ALSO PURSUE DIPLOMATIC EFFORTS TO GAIN MULTILATERAL SUPPLIER SUPPORT FOR IAEA-RELATED INITIATIVES IN THIS AREA AND SEEK SUPPLIER AGREEMENT TO CURTAIL NUCLEAR COOPERATION WITH ANY NON-NUCLEAR WEAPONS STATE

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HEREAFTER TESTING A NUCLEAR DEVICE REGARDLESS OF WHETHER SAFEGUARDS OBLIGATIONS ARE VIOLATED (RECOGNIZING THAT IT IS UNLIKELY THAT FRANCE WOULD AGREE).

E. IAEA STORAGE REGIME. WE SUPPORT PROMOTION OF THIS

CONCEPT, WITH PARTICULAR NEAR-TERM EMPHASIS ON STORAGE ARRANGEMENTS FOR SPENT REACTOR FUEL. A PRESIDENTIAL STATEMENT ENDORSING THIS CONCEPT, AND EXPRESSING A WILLINGNESS OF THE US TO PARTICIPATE, CAN PROVIDE IMPETUS TO OUR ON-GOING DIPLOMATIC EFFORTS IN THE CONTEXT OF THE LONDON SUPPLIERS' GROUP AND IN THE IAEA TO TRANSLATE THE INTERNATIONAL STORAGE OBJECTIVE INTO REALITY. WE WILL CONSULT IN ADVANCE OF SUCH A STATEMENT WITH KEY SUPPLIERS AND THE IAEA DIRECTOR GENERAL. IN BOTH PUBLIC STATEMENTS AND PRIVATE CONSULTATIONS, WHEN DISCUSSING THE ROLE OF SUCH A STORAGE REGIME FOR SEPARATED PLUTONIUM WE SHOULD BE WARY OF APPEARING TO CONDONE NATIONAL REPROCESSING.

F. STRENGTHENED IAEA SAFEGUARDS. WE SUPPORT THE PROPOSED PROGRAM TO SPONSOR SAFEGUARDS DEMONSTRATIONS FOR SENSITIVE FACILITIES, OFFER AN ERDA LABORATORY TO SUPPORT DEVELOPMENT OF NEW TECHNIQUES, AND EXPLORE POSSIBILITIES FOR GREATER US CONTRIBUTIONS TO IMPROVING AGENCY CAPABILITIES. THE DEPARTMENT IS PREPARED TO SEEK CO-OPERATION FROM OTHER SUPPLIERS AND RECIPIENTS IN REINFORCING OUR INITIATIVES, AND BELIEVES THAT A PUBLIC STATEMENT SURFACING THESE PROPOSALS WOULD BE USEFUL IN THIS CONNECTION.

G. STRENGTHENED PHYSICAL SECURITY. WE SUPPORT A POLICY OF STRENGTHENING AND STANDARDIZING PHYSICAL SECURITY OVER NUCLEAR MATERIALS. WE HAVE MADE SIGNIFICANT PROGRESS IN ESTABLISHING PHYSICAL SECURITY GUIDELINES FOR SUPPLIERS TO FOLLOW AS RESULT OF THE LONDON SUPPLIERS' UNDERSTANDINGS. BEFORE GOING BEYOND THESE AGREED STANDARDS, THE US SHOULD FIRST SEEK TO BRING ITS OWN NATIONAL STANDARDS UP TO THESE LEVELS. THE CONCEPT OF AN INTERNATIONAL CONVENTION -- WHICH HAS BEEN PROPOSED INTERNATIONALLY IN 1974 AND AGAIN IN 1975 IN THE UNGA AND EXPLORED DIPLOMATICALLY WITH OTHER SUPPLIERS AND IN THE IAEA CONTEXT -- COULD BE MENTIONED AS PART OF AN OVERALL NUCLEAR POLICY

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STATEMENT. BUT IT SHOULD BE RECOGNIZED THAT THE PROSPECTS FOR STRONG MANDATORY PROVISIONS AS WELL AS EARLY NEGOTIATION OF SUCH A CONVENTION ARE LIMITED.

H. WASTE MANAGEMENT. WE SUPPORT THE REVIEW GROUP'S RECOMMENDATIONS ON WASTE MANAGEMENT, BUT FURTHER RECOMMEND THAT THE US PUBLICLY PROPOSE THE PURSUIT OF INTERNATIONAL R&D INITIATIVES IN THIS FIELD. WE ALSO PROPOSE THAT SPECIFIC ATTENTION BE GIVEN TO THE QUESTION OF WHETHER THE US COULD ACCEPT FOREIGN WASTE, IF WE EVER ENTERED INTO AN INTERNATIONAL REPROCESSING SERVICE PROGRAM.

I. NON-NUCLEAR TECHNOLOGIES. THE DEPARTMENT SUPPORTS THESE PROPOSALS AND WILL WORK WITH ERDA IN STUDYING POSSIBILITIES. HOWEVER, WE DO NOT SEE SUBSTANTIAL OPPORTUNITIES EMERGING WHICH COULD PROVIDE AN EFFECTIVE NEAR-TERM DETERRENT TO SMALLER COUNTRIES DESIRING TO OBTAIN NUCLEAR POWER PLANTS. IN THE PROPER CONTEXT, ON THE OTHER HAND, INITIATIVES IN NON-NUCLEAR ENERGY CO-OPERATION MAY BE HELPFUL IN DISSUADING CERTAIN COUNTRIES FROM ACQUIRING SENSITIVE NUCLEAR FACILITIES, SUCH AS REPROCESSING PLANTS. IN FORMULATING AND IMPLEMENTING ANY SUCH PROGRAM, WE SHOULD DRAW UPON THE EFFORTS WE ARE MAKING IN THE IEA AND IN CIEC TO COOPERATE WITH LDCE IN THE ENERGY FIELD. OF PARTICULAR IMPORTANCE MIGHT BE THE US PROPOSAL FOR AN INTERNATIONAL ENERGY INSTITUTE WHICH WE ARE DISCUSSING WITHIN THE IEA AND CIEC, FOLLOWING UP THE VARIOUS PROPOSALS WE MADE AT THE UN SEVENTH SPECIAL SESSION.

J. US SAFEGUARDS EFFECTIVENESS. WE SUPPORT THE PROPOSALS FOR ASSURING THE EFFECTIVENESS OF US SAFEGUARDS, WITH THE UNDERSTANDING THAT UPGRADED INTELLIGENCE EFFORTS SHOULD BE RESPONSIVE TO OUR BROADER NON-PROLIFERATION POLICY NEEDS AND NOT INJURIOUS TO THE IAEA. WE WOULD ALSO SEEK OTHER SUPPLIER SUPPORT FOR FALL-BACK BILATERAL SAFEGUARDS AND WORK WITH THEM TO GAIN TIMELIER ACCESS TO IAEA SAFEGUARDS INFORMATION.

K. PUBLIC STATEMENT. IF THE PRESIDENT SELECTS THE UNGA AS THE FORUM FOR A STATEMENT ON NUCLEAR POLICY, THE
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DEPARTMENT WOULD RECOMMEND THAT HE EMPHASIZE THE CO-OPERATIVE ASPECTS OF OUR NON-PROLIFERATION POLICY AND THAT HE RESERVE FOR PRESENTATION TO A SEPARATE, DOMESTIC AUDIENCE (FOR EXAMPLE IN A MESSAGE TO THE CONGRESS) THE STRONGER INITIATIVES UNDER CONSIDERATION, INCLUDING DOMESTIC REPROCESSING. WHILE THE DRAMA AND WORLDWIDE SCOPE OF A PRESIDENTIAL UNGA ADDRESS ARE POSITIVE FACTORS, THIS FORUM WOULD NOT BE CONDUCTIVE TO AN ADDRESS EMPHASIZING TIGHTENED RESTRAINTS WHICH WOULD BE LIKELY TO BE ATTACKED AS DISCRIMINATORY BY THE LESS DEVELOPED COUNTRIES. ON THE OTHER HAND, A SUPPLEMENTAL DOMESTIC MESSAGE, PERHAPS TO THE CONGRESS, WOULD PRESENT AN OPPORTUNITY TO UNDERLINE BOTH THE SAFEGUARDS AND CONSTRAINTS INHERENT IN OUR NUCLEAR POLICIES AND THE EXPERIMENTAL CHARACTER OF ANY DOMESTIC REPROCESSING PROGRAM.

L. NUCLEAR POLICY ORGANIZATION. IN ADDITION TO THE PROPOSED NUCLEAR POLICY COUNCIL INCLUDING STATE, ERDA

AND ACDA, WE BELIEVE THAT CONSIDERATION SHOULD BE GIVEN TO CONTINUATION OF THE EXISTING NSC/VPWG MECHANISM OR A SPECIALLY CONSTITUTED UNDER SECRETARIES COMMITTEE REPORTING TO THE PRESIDENT THROUGH THE NSC AND THE DOMESTIC COUNCIL. INSTEAD OF ESTABLISHING ANOTHER BUREAUCRATIC LAYER, THE DEPARTMENT FAVORS THE OPTION OF AN UNDER SECRETARIES COMMITTEE AS THE MOST FLEXIBLE AND COHERENT MEANS OF EFFECTIVELY REPRESENTING THE INTERESTS OF THE DOMESTIC AND FOREIGN POLICY AGENCIES. WHATEVER THE INSTITUTIONAL ARRANGEMENT, THE DEPARTMENT OF COURSE WELCOME THE REVIEW GROUP'S SUPPORT OF ITS LEAD RESPONSIBILITY (IN COORDINATION WITH OTHER RELEVANT AGENCIES) IN THE DIPLOMATIC AND FOREIGN POLICY ELEMENTS OF US NUCLEAR POLICIES.

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APPROVED BY: THE ACTING SECRETARY
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